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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
AUGUST 1970

U. S. DEPT. OF AGRICULTURE
OFFICE OF MARKET ANALYSIS
Number 1

Released Pursuant to §1090.27 (j) and §1090.85, USDA-C&MS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - AUGUST 1970

The Federal Order MINIMUM uniform price to be paid producers for milk delivered to pool plants is \$6.01. This hundredweight price is for milk testing 3.5% butterfat and is subject to a producer butterfat differential of 8.2 cents for each one-tenth of one percent above or below 3.5% test.

In August 1970, 66.6% of producer milk received by pool plants was priced in Class I at \$6.75 per cwt. and 33.4% was priced in Class II at \$4.61 per cwt. The August butterfat differential for Class I was 8.4 cents and Class II was 8.0 cents.

Total producer milk received at pool plants during August 1970 was 32,299,263 pounds which is an increase of 8,356,606 pounds or 34.9% compared with August 1969. The August daily average deliveries from 742 producers was 1,404 pounds. This compares to 620 farms delivering a daily average of 1,246 pounds per day during August 1969.

HEARING SET ON ALL 62 FEDERAL MILK ORDERS

Proposals to provide uniform terminology for certain provisions in all Federal milk marketing orders will be considered at a public hearing in Washington, D. C., September 30, 1970

USDA's Consumer and Marketing Service officials said those provisions that have the same purpose in every order, but which are often stated differently, would be removed from the individual orders, revised and published separately as identical provisions to apply to all orders. The revised provisions would cover certain definitions, USDA instructions dealing with administrative directives to the market administrator, and the regulated handler's responsibility for maintaining and making available records of his operations.

Remaining provisions covering different marketing situations in the various milk order areas would still be retained as separate provisions in each of the orders, and would continue to differ from order to order.

NASHVILLE MILK ORDER AMENDED

After the required two-thirds approval by dairy farmers affected, USDA has amended the Nashville federal milk marketing order to change some milk diversion, pooling and payment provisions as of September 1, 1970.

The terms of the amended order are identical to those of the final decision of August 19. The amendments provide: (1) handler diversion of milk to another federal order market for Class II (manufacturing) use only, (2) handlers may omit partial payments to producers who stop delivering milk to the handler before the 20th of the month, and (3) under some circumstances a Nashville pool plant will be continued in the Nashville milk pool for three months after it starts selling more milk in another federal order market and a plant in another federal order market will not come under the Nashville order until three months after it has greater sales of milk in the Nashville market.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

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	% Aug. '70 Over <u>Aug. '69</u>	<u>Aug. 1970</u>	<u>July 1970</u>	<u>Aug. 1969</u>
Number of Plants - Pool		6	6	7
- Non-Pool		15	15	12
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+34.9	1,041,912	999,561	772,344
Other Source	-11.9	27,116	28,235	30,780
Other Federal Orders	-76.9	84,786	96,350	367,432
TOTAL MILK RECEIPTS	- 1.4	<u>1,153,814</u>	<u>1,124,146</u>	<u>1,170,556</u>
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	- 0.2	414,483	436,989	415,310
Skim - Regular	- 4.2	19,212	19,441	20,045
Skim - 2% Milk	+21.1	99,226	95,720	81,914
Buttermilk	+ 4.5	49,792	51,148	47,633
Flavored Milk and Drink	-23.9	18,221	18,198	23,937
Creams (Sweet and Sour)	+ 4.1	<u>3,369</u>	<u>3,443</u>	<u>3,237</u>
Sub-Total - Pkg. Products (Pool Plants)	+ 2.1	604,303	624,939	592,076
Other (Shrinkage, Inventory, etc.)		1,396	1,335	3,532
Sales to Non-Pool Plants		98,484	99,937	123,552
In-Area Sales by Non-Pool Plants	+15.8	<u>49,515</u>	<u>49,210</u>	<u>42,755</u>
TOTAL CLASS I MILK	- 1.1	753,698	775,421	761,915
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+30.2	72,124	71,909	55,392
Cottage Cheese	+19.1	48,416	50,511	40,640
Powdered and Condensed Milk		-0-	-0-	51,800
Livestock Feed and Skim Dumped		<u>7,236</u>	<u>7,173</u>	<u>5,113</u>
Sub-Total - Used to Produce	-16.5	127,776	129,593	152,945
Shrinkage Class II		12,068	13,088	13,593
Other (Inventory Variation, etc.)		15,456	586	7,974
Bulk Sales to Non-Pool Plants		<u>244,816</u>	<u>205,458</u>	<u>234,129</u>
TOTAL CLASS II MILK	- 2.1	400,116	348,725	408,641
Class I Pkg. Lbs. In Area - Pool Plants	- 2.8	444,160	454,535	456,775
Class I Pkg. Lbs. Out of Area - Pool Plants	+18.4	160,143	170,404	135,301
Class I Pkg. Lbs. In Area - Non- Pool Plants	+15.8	49,515	49,210	42,755
% Producer Milk of Gross Class I		138.2	128.9	101.4
% Producer Milk Priced in Class I		66.6	71.6	72.4

CLASS I DISPOSITION ON ROUTES IN THE MARKETING AREA
BY OTHER ORDER PLANTS AND PARTIALLY REGULATED DISTRIBUTING PLANTS

	August <u>1970</u>	July <u>1970</u>	August <u>1969</u>
Homo Milk	1,176,193	1,156,536	993,195
Skim - Regular	13,305	11,235	21,396
Skim - 2% Milk	181,468	185,751	83,739
Buttermilk	117,186	127,282	160,054
Flavored Milk & Drink	45,662	42,201	63,363
Creams (Sweet & Sour)	<u>1,155</u>	<u>2,490</u>	<u>3,656</u>
Total Pounds	1,534,969	1,525,495	1,325,403
Daily Average Disposition	49,515	49,210	42,755
No. of partially regulated plants	2	2	2
No. of Other Order Plants	<u>13</u>	<u>13</u>	<u>10</u>
Total non-pool plants	15	15	12

COMPUTATION OF PRODUCER UNIFORM PRICE

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AUGUST 1970	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		23,364,644	3.237		
Less Other Source		1,845,419	2.882		
Producer Milk Class I	66.6	21,519,225	3.267859	\$6.555002	\$1,410,585.63
Gross Class II		12,403,598	4.188		
Less Other Source		1,623,560	2.444		
Producer Milk Class II	33.4	10,780,038	4.450977	5.370782	578,972.34
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	32,299,263	3.662731		\$1,989,557.97
Less Fractional Adjustment					.13
Add Value of Overage					4,953.83
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		3,619	0.00	3.81	137.88
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					3,587.15
TOTAL VALUE AT TEST		32,302,882	3.662320	\$6.185939	\$1,998,236.70
Less Test over 3.5% @ 8.2¢ per point		32,302,882	0.162320	0.133102	42,995.78
TOTAL UTILIZATION VALUE AT 3.5%		32,302,882	3.5	\$6.052837	\$1,955,240.92
Less Producer-Settlement Fund Reserve		32,302,882		.042837	13,837.59
PRODUCER UNIFORM PRICE - 3.5% TEST		32,302,882	3.5	\$6.01	\$1,941,403.33

AUGUST 1970 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$5.60	3.6	\$6.092	4.2	\$6.584	4.8	\$7.076	5.4	\$7.568
3.05	5.641	3.65	6.133	4.25	6.625	4.85	7.117	5.45	7.609
3.1	5.682	3.7	6.174	4.3	6.666	4.9	7.158	5.5	7.65
3.15	5.723	3.75	6.215	4.35	6.707	4.95	7.199	5.55	7.691
3.2	5.764	3.8	6.256	4.4	6.748	5.0	7.24	5.6	7.732
3.25	5.805	3.85	6.297	4.45	6.789	5.05	7.281	5.65	7.773
3.3	5.846	3.9	6.338	4.5	6.83	5.1	7.322	5.7	7.814
3.35	5.887	3.95	6.379	4.55	6.871	5.15	7.363	5.75	7.855
3.4	5.928	4.0	6.42	4.6	6.912	5.2	7.404	5.8	7.896
3.45	5.969	4.05	6.461	4.65	6.953	5.25	7.445	5.85	7.937
3.5	6.01	4.1	6.502	4.7	6.994	5.3	7.486	5.9	7.978
3.55	6.051	4.15	6.543	4.75	7.035	5.35	7.527	5.95	8.019

AUGUST 1970 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	59.4	703,218	\$0.84	\$590,703.12
Class II	40.6	479,817	0.80	383,853.60
Total	100.0	1,183,035		\$974,556.72

Total Butterfat Value ÷ Total Producer fat pounds = \$0.823777

Producer Butterfat Differential per point variation above or
below 3.5 percent - - - - - \$0.082

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Uniform	Per Hundredweight		Bf. Dif.	Class I		Class II	
		Base	Excess		Cwt.	Bf. Dif.	Cwt.	Bf. Dif.
Aug. '69	\$6.10	-	-	8.0¢	\$6.74	8.1¢	\$4.42	7.8¢
Sept.	6.29	-	-	8.0	6.85	8.1	4.49	8.0
Oct.	6.18	-	-	8.2	6.70	8.4	4.58	7.8
Nov.	6.01	-	-	8.0	6.47	8.2	4.62	7.8
Dec.	6.17	-	-	8.0	6.77	8.1	4.63	7.9
Jan. '70	6.29	-	-	8.0	6.78	8.2	4.67	7.8
Feb.	6.26	-	-	8.0	6.82	8.1	4.63	7.8
Mar.	6.15 2/	\$6.30	\$4.58	8.0	6.78	8.1	4.58	7.8
Apr.	6.09 2/	6.29	4.60	8.2	6.73	8.2	4.60	8.0
May	5.99 2/	6.16	4.58	8.2	6.75	8.4	4.58	8.0
June	6.06 2/	6.20	4.61	8.2	6.73	8.4	4.61	8.0
July	6.14 2/	6.31	4.60	8.2	6.76	8.4	4.60	8.0
Aug.	6.01	-	-	8.2	6.75	8.4	4.61	8.0
Sept.	-	-	-	-	6.76	8.4	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi-92 Butter	Chi.Area Powder	Min/Wisc. Mfg. Milk	Basic Formula	Class I		Class II	
	¢ Lb.	¢ Lb.	\$-Cwt-3.5%	Minimum	Pounds	Test-%	Pounds	Test-%
Aug. '69	67.80	23.01	\$4.42	\$4.33	559,555	3.30	212,789	4.82
Sept.	69.85	22.95	4.49	4.33	786,310	3.37	240,567	5.13
Oct.	68.23	22.93	4.58	4.33	796,489	3.41	237,254	5.66
Nov.	67.84	23.14	4.62	4.33	773,131	3.49	242,417	5.78
Dec.	68.45	22.96	4.63	4.33	736,616	3.46	284,057	5.76
Jan. '70	67.61	23.00	4.67	4.33	779,375	3.41	231,117	6.54
Feb.	67.60	23.15	4.63	4.33	774,028	3.42	259,675	5.73
Mar.	67.95	23.18	4.58	4.33	761,892	3.35	298,922	5.25
Apr.	69.83	25.96	4.60	4.33	784,446	3.34	332,976	4.84
May	69.85	26.84	4.58	4.33	708,369	3.29	365,773	4.53
June	69.81	26.77	4.61	4.33	690,927	3.26	324,444	4.67
July	69.80	27.02	4.60	4.33	715,318	3.27	284,243	4.65
Aug.	69.80	26.85	4.61	4.33	694,169	3.27	347,743	4.45

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA				DELIVERIES PER		
	No.	Total	Class I	No.	Total	Base	Average	Farm --- Pounds		
	Hdlers.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Aug. '69	19	1,170,556	761,915	620	772,344	-	3.72	1,246	-	-
Sept.	18	1,145,420	868,129	751	1,026,877	-	3.79	1,367	-	-
Oct.	19	1,154,387	869,889	756	1,033,743	-	3.93	1,367	-	-
Nov.	19	1,204,899	841,680	755	1,015,548	-	4.04	1,345	-	-
Dec.	20	1,310,785	792,076	773	1,020,673	-	4.10	1,320	-	-
Jan. '70	20	1,241,790	834,648	752	1,010,492	-	4.12	1,344	-	-
Feb.	21	1,359,501	835,831	748	1,033,703	-	4.00	1,382	-	-
Mar.	21	1,397,629	824,119	745	1,060,814	971,078	3.89	1,424	1,303	121
Apr.	21	1,407,342	843,811	743	1,117,422	988,522	3.79	1,504	1,330	174
May	21	1,258,907	768,561	741	1,074,142	965,184	3.71	1,450	1,303	147
June	21	1,153,003	752,470	739	1,015,371	924,399	3.71	1,374	1,251	123
July	21	1,124,146	775,421	744	999,561	903,625	3.66	1,343	1,215	128
Aug.	21	1,153,814	753,698	742	1,041,912	-	3.66	1,404	-	-

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I